

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:) Chapter 11
)
W. R. GRACE & CO., et al.,¹) Case No. **01-1139 (JKF)**
) Jointly Administered
Debtors.)
) Objection Date: 9/29, 2008, at 4:00 p.m.
) Hearing Date: 12/15, 2008 at 1:00 p.m.

**FOURTH INTERIM APPLICATION OF DELOITTE & TOUCHE LLP
FOR COMPENSATION FOR SERVICES RENDERED AND REIMBURSEMENT OF
EXPENSES FOR THE PERIOD FROM JUNE 1, 2007 THROUGH MARCH 31, 2008**

Name of Applicant: Deloitte & Touche LLP ("Deloitte & Touche").

Authorized to Provide Professional Services to: The above-captioned debtors and debtors-in-possession.

Date of Retention: February 4, 2003

Period for which Compensation and Reimbursement is Sought: June 1, 2007 through
March 31, 2008

Adjusted Compensation Sought as Reasonable and Necessary: \$401,856.00*

Adjusted Expense Reimbursement Sought as
Reasonable and Necessary: \$60,287.13**

¹ The Debtors consist of the following 62 entities: W. R. Grace & Co. (f/k/a Grace Specialty Chemicals, Inc.), W. R. Grace & Co.-Conn., A-1 Bit & Tool Co., Inc., Alewife Boston Ltd., Alewife Land Corporation, Amicon, Inc., CB Biomedical, Inc. (f/k/a Circe Biomedical, Inc.), CCHP, Inc., Coalgrace, Inc., Coalgrace II, Inc., Creative Food 'N Fun Company, Darex Puerto Rico, Inc., Del Taco Restaurants, Inc., Dewey and Almy, LLC (f/k/a Dewey and Almy Company), Ecarg, Inc., Five Alewife Boston Ltd., G C Limited Partners I, Inc. (f/k/a Grace Cocoa Limited Partners I, Inc.), G C Management, Inc. (f/k/a Grace Cocoa Management, Inc.), GEC Management Corporation, GN Holdings, Inc., GPC Thomasville Corp., Gloucester New Communities Company, Inc., Grace A-B Inc., Grace A-B II Inc., Grace Chemical Company of Cuba, Grace Culinary Systems, Inc., Grace Drilling Company, Grace Energy Corporation, Grace Environmental, Inc., Grace Europe, Inc., Grace H-G Inc., Grace H-G II Inc., Grace Hotel Services Corporation, Grace International Holdings, Inc. (f/k/a Dearborn International Holdings, Inc.), Grace Offshore Company, Grace PAR Corporation, Grace Petroleum Libya Incorporated, Grace Tarpon Investors, Inc., Grace Ventures Corp., Grace Washington, Inc., W. R. Grace Capital Corporation, W. R. Grace Land Corporation, Gracoal, Inc., Gracoal II, Inc., Guanica-Caribe Land Development Corporation, Hanover Square Corporation, Homco International, Inc., Kootenai Development Company, L B Realty, Inc., Litigation Management, Inc. (f/k/a GHSC Holding, Inc.), Grace JVH, Inc., Asbestos Management, Inc.), Monolith Enterprises, Incorporated, Monroe Street, Inc., MRA Holdings Corp. (f/k/a Nestor-BNA Holdings Corporation), MRA Intermedco, Inc. (f/k/a Nestor-BNA, Inc.), MRA Staffing Systems, Inc. (f/k/a British Nursing Association, Inc.), Remedium Group, Inc. (f/k/a Environmental Liability Management, Inc., E&C Liquidating Corp., Emerson & Cuming, Inc.), Southern Oil, Resin & Fiberglass, Inc., Water Street Corporation, Axial Basin Ranch Company, CC Partners (f/k/a Cross Country Staffing), Hayden-Gulch West Coal Company, H-G Coal Company.

Total Adjusted Compensation and Expenses Sought:

\$462,143.13

This is a _ monthly _ quarterly X interim _ final _ fee application

*This fee amount reflects a reduction of \$23,302.50 in the amount of the fees sought by Deloitte & Touche for the monthly fee applications corresponding to this interim period, as further described herein.

**This expense amount does not include an additional \$429.90 in expenses incurred during this interim period, but not reflected on the monthly fee applications corresponding to this interim period. As further described herein, Deloitte & Touche is not seeking reimbursement of this additional expense amount hereunder, however, reserves the right to do so in subsequent fee applications.

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:)	Chapter 11
)	
W. R. GRACE & CO., <u>et al.</u> , ¹)	Case No. 01-1139 (JKF)
)	Jointly Administered
Debtors.)	
)	Objection Date: <u>9/24</u> , 2008, at <u>4:00</u> p.m.
)	Hearing Date: <u>12/15</u> , 2008 at <u>1:00</u> p.m.

**FOURTH INTERIM APPLICATION OF DELOITTE & TOUCHE LLP
FOR COMPENSATION FOR SERVICES RENDERED AND REIMBURSEMENT OF
EXPENSES FOR THE PERIOD FROM JUNE 1, 2007 THROUGH MARCH 31, 2008**

Pursuant to sections 330 and 331 of title 11 of the United States Code (the “Bankruptcy Code”), Rule 2016 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), and the Court’s ‘Amended Administrative Order Under 11 U.S.C. §§ 105(a) and 331 Establishing Procedures for Interim Compensation and Reimbursement of Expenses for Professionals and Official Committee Members’, signed April 17, 2002, amending the Court’s ‘Administrative Order Pursuant to Sections 105(a) and 331 of the Bankruptcy Code Establishing Procedures for Allowance and Payment of Monthly Interim Compensation and Reimbursement of Expenses of Professionals’, entered May 3, 2001 (together, the “Administrative Order”), the firm of Deloitte

¹ The Debtors consist of the following 62 entities: W. R. Grace & Co. (f/k/a Grace Specialty Chemicals, Inc.), W. R. Grace & Co.-Conn., A-1 Bit & Tool Co., Inc., Alewife Boston Ltd., Alewife Land Corporation, Amicon, Inc., CB Biomedical, Inc. (f/k/a Circe Biomedical, Inc.), CCHP, Inc., Coalgrace, Inc., Coalgrace II, Inc., Creative Food 'N Fun Company, Darex Puerto Rico, Inc., Del Taco Restaurants, Inc., Dewey and Almy, LLC (f/k/a Dewey and Almy Company), Ecarg, Inc., Five Alewife Boston Ltd., G C Limited Partners I, Inc. (f/k/a Grace Cocoa Limited Partners I, Inc.), G C Management, Inc. (f/k/a Grace Cocoa Management, Inc.), GEC Management Corporation, GN Holdings, Inc., GPC Thomasville Corp., Gloucester New Communities Company, Inc., Grace A-B Inc., Grace A-B II Inc., Grace Chemical Company of Cuba, Grace Culinary Systems, Inc., Grace Drilling Company, Grace Energy Corporation, Grace Environmental, Inc., Grace Europe, Inc., Grace H-G Inc., Grace H-G II Inc., Grace Hotel Services Corporation, Grace International Holdings, Inc. (f/k/a Dearborn International Holdings, Inc.), Grace Offshore Company, Grace PAR Corporation, Grace Petroleum Libya Incorporated, Grace Tarpon Investors, Inc., Grace Ventures Corp., Grace Washington, Inc., W. R. Grace Capital Corporation, W. R. Grace Land Corporation, Gracoal, Inc., Gracoal II, Inc., Guanica-Caribe Land Development Corporation, Hanover Square Corporation, Hornco International, Inc., Kootenai Development Company, L B Realty, Inc., Litigation Management, Inc. (f/k/a GHSC Holding, Inc., Grace JVH, Inc., Asbestos Management, Inc.), Monolith Enterprises, Incorporated, Monroe Street, Inc., MRA Holdings Corp. (f/k/a Nestor-BNA Holdings Corporation), MRA Intermedco, Inc. (f/k/a Nestor-BNA, Inc.), MRA Staffing Systems, Inc. (f/k/a British Nursing Association, Inc.), Remedium Group, Inc. (f/k/a Environmental Liability Management, Inc., E&C Liquidating Corp., Emerson & Cuming, Inc.), Southern Oil, Resin & Fiberglass, Inc., Water Street Corporation, Axial Basin Ranch Company, CC Partners (f/k/a Cross Country Staffing), Hayden-Gulch West Coal Company, H-G Coal Company.

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Touche LLP ("Deloitte & Touche") hereby files this Fourth Interim Application of Deloitte & Touche LLP for Compensation for Services Rendered and for Reimbursement of Expenses for the Period from June 1, 2007 through March 31, 2008 (the "Fourth Interim Application"). By this Fourth Interim Application, Deloitte & Touche seeks the (i) interim allowance of adjusted compensation in the amount of \$401,856.00, and (ii) the interim allowance and payment of adjusted reimbursement of reasonable and necessary expenses in the amount of \$60,287.13 for a total adjusted compensation and expense reimbursement amount of 462,143.13 for the period June 1, 2007 through March 31, 2008 (the "Interim Period"). These fees and expenses were incurred in connection with Deloitte & Touche's provision of certain Enterprise Risk Management Services and certain Crisis Management Planning Services (each as more fully described below, and collectively hereinafter referred to as the "Expanded Scope Services"). Attached hereto as Appendix A is the Verification of Edmond Landry of Deloitte & Touche. In support of this Fourth Interim Application, Deloitte & Touche respectfully represents as follows.

BACKGROUND

1. On April 2, 2001 (the "Petition Date"), each of the debtors (collectively, the "Debtors") filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code. Pursuant to sections 1107 and 1108 of the Bankruptcy Code, the Debtors are continuing to operate their businesses and manage their properties and assets as debtors in possession. No trustee has been appointed in the Debtors' chapter 11 cases.
2. The Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. §§ 157(b)(2).
3. On April 2, 2001, the Court entered its order that the Debtors' chapter 11 cases be consolidated for procedural purposes only and administered jointly.

4. The initial Deloitte & Touche Retention Application seeking authority to employ and retain Deloitte & Touche as customs services providers and tax and compensation advisors to the Debtors *nunc pro tunc* to February 4, 2003 was filed by the Debtors on April 25, 2003. The order approving the Deloitte & Touche Retention Application was signed by the Court on June 17, 2003. On January 24, 2008, the Court entered a supplemental order authorizing the provision of the Expanded Scope Services (the "Expanded Scope Order"). A copy of the Expanded Scope Order is attached to hereto as Appendix B.

5. Following the initial retention of Deloitte & Touche in these Chapter 11 cases, Deloitte & Touche implemented a reorganization of some of its business units. Pursuant to this reorganization, certain affiliates of Deloitte & Touche sought and obtained approval to provide services to the Debtors in these Chapter 11 cases as described below.

- Deloitte Consulting LLP ("Deloitte Consulting") sought to be retained as compensation advisors and to provide certain lease consulting services to the Debtors in these Chapter 11 cases. On September 27, 2004 the Court entered an order approving the retention of Deloitte Consulting *nunc pro tunc* to July 1, 2004.
- Deloitte Tax LLP ("Deloitte Tax") sought to be retained as tax services providers to the Debtors in these Chapter 11 cases. On December 21, 2004, the Court entered an order approving the retention of Deloitte Tax *nunc pro tunc* to August 22, 2004.
- Deloitte Financial Advisory Services LLP ("Deloitte FAS") sought to be retained to provide certain due diligence services to the Debtors. On November 26, 2007 the court entered an order approving the retention of Deloitte FAS *nunc pro tunc* to October 1, 2007.

Deloitte Consulting, Deloitte Tax and Deloitte FAS have filed and will continue to file separate monthly applications, along with separate interim and final fee applications seeking compensation and expense reimbursement in these Chapter 11 cases.

6. Pursuant to the procedures set forth in the Administrative Order, professionals may request monthly compensation and reimbursement, and interested parties may object to such requests. If no interested party objects to a professional's request within twenty (20) days, the applicable professional may submit to the Court a certification of no objection authorizing the interim compensation and reimbursement of eighty percent (80%) of the fees requested and one hundred percent (100%) of the expenses requested, subject to the filing and approval of interim and final fee applications of the professional. The monthly requests for the compensation and expense reimbursement sought pursuant to this Fourth Interim Fee Application have been previously filed with the Court as described further below.

DESCRIPTION OF THE EXPANDED SCOPE SERVICES

7. The Enterprise Risk Management Services consist of assisting the Debtors in supporting their enterprise risk management implementation initiative, including assisting the Debtors in (a) developing and launching its risk management approach, (b) completing a self assessment of the Debtors' key risks and developing an overall organizational risk profile, and (c) prioritizing the Debtors' risks and identifying enterprise risk management capability improvement opportunities.

8. The Crisis Management Planning Services consist of assisting the Debtors in (a) identifying and validating the organizational components of the Debtors' crisis management plan, (b) assisting with the Debtors' existing crisis management process, and (c) identifying, validating, and developing the components of the Debtors' crisis management plan.

**FEE DETAIL, MONTHLY FEE APPLICATIONS COVERED HEREIN,
AND FEE ADJUSTMENT**

Fee Detail

9. Because the Expanded Scope Services involve the performance of tasks that may readily be grouped into discrete categories, the Debtors requested that Deloitte & Touche be relieved from the applicable provisions of the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure and the Local Bankruptcy Rules, and any applicable orders of this Court, requiring Deloitte & Touche to provide daily activity descriptions of its personnel providing the Expanded Scope Services as part of its monthly fee applications, or interim or final fee applications in these Chapter 11 cases. Such relief was granted under the Expanded Scope Order.

10. Consistent with the Expanded Scope Order, attached to each of the monthly applications covered by this Interim Period, and listed below, are Exhibits which contain spreadsheets listing the discrete categories of services comprising the Enterprise Risk Management Services and the Crisis Management Services, and indicating the number of hours devoted to each such category by the Deloitte & Touche personnel providing such services on daily basis, along the total number of hours devoted to providing services under each such category. Copies of these previously filed monthly fee applications and the accompanying Exhibits will be provided upon request.

11. Attached hereto are the following Exhibits summarizing the fees incurred by Deloitte & Touche personnel providing the Expanded Scope Services during the Interim Fee Period:

- Exhibit A, setting forth each professional providing the Expanded Scope Services, their level, total hours worked, and total fees; along the overall total hours worked, fees incurred and blended hourly rate for all such professionals and all such services; and
- Exhibit B, setting forth the discrete categories under which services were provided for both the Enterprise Risk Management Services and the Crisis Management Services, and the total number of hours devoted to providing such services under such categories.

Monthly Fee Applications Covered Herein

12. On or about May 12, 2008, Deloitte & Touche filed the Twentieth Monthly Application of Deloitte & Touche for Compensation for Services Rendered and Reimbursement of Expenses to the Debtors for the Period from June 1, 2007 through June 30, 2007, Docket No. 18679, requesting \$45,760.00 in fees and \$7,613.00 in expenses.

13. On or about May 12, 2008, Deloitte & Touche filed the Twenty First Monthly Application of Deloitte & Touche for Compensation for Services Rendered and Reimbursement of Expenses to the Debtors for the Period from July 1, 2007 through July 31, 2007, Docket No. 18700, requesting \$78,186.00 in fees and \$10,677.94. in expenses.

14. On or about May 12, 2008, Deloitte & Touche filed the Twenty Second Monthly Application of Deloitte & Touche for Compensation for Services Rendered and Reimbursement of Expenses to the Debtors for the Period from August 1, 2007 through August 31, 2007, Docket No. 18701, requesting \$98,321.00 in fees and \$11,444.39 in expenses.

15. On or about May 12, 2008, Deloitte & Touche filed the Twenty Third Monthly Application of Deloitte & Touche for Compensation for Services Rendered and Reimbursement of Expenses to the Debtors for the Period from September 1, 2007 through September 31, 2007, Docket No. 18702, requesting \$59,489.00 in fees and \$8,014.15 in expenses.

16. On or about May 12, 2008, Deloitte & Touche filed the Twenty Fourth Monthly Application of Deloitte & Touche for Compensation for Services Rendered and Reimbursement of Expenses to the Debtors for the Period from October 1, 2007 through October 31, 2007, Docket No. 18703, requesting \$36,518.50 in fees and \$8,514.85 in expenses.

17. On or about May 12, 2008, Deloitte & Touche filed the Twenty Fifth Monthly Application of Deloitte & Touche for Compensation for Services Rendered and Reimbursement of Expenses to the Debtors for the Period from November 1, 2007 through November 30, 2007, Docket No. 1818704, requesting \$17,952.00 in fees and \$2,381.01 in expenses.

18. On or about May 12, 2008, Deloitte & Touche filed the Twenty Sixth Monthly Application of Deloitte & Touche for Compensation for Services Rendered and Reimbursement of Expenses to the Debtors for the Period from December 1, 2007 through December 31, 2007, Docket No. 18705, requesting \$12,300.00 in fees and \$2,389.54 in expenses.

19. On or about August 14, 2008, Deloitte & Touche filed the Twenty Seventh Monthly Application of Deloitte & Touche for Compensation for Services Rendered and Reimbursement of Expenses to the Debtors for the Period from January 1, 2008 through January 31, 2008, Docket No. 19305, requesting \$22,345.00 in fees and \$1,584.00 in expenses.

20. On or about August 14, 2008, Deloitte & Touche filed the Twenty Eighth Monthly Application of Deloitte & Touche for Compensation for Services Rendered and Reimbursement of Expenses to the Debtors for the Period from February 1, 2008 through February 29, 2008, Docket No. 19306, requesting \$28,440.00 in fees and \$3,399.00 in expenses.

21. On or about August 14, 2008, Deloitte & Touche filed the Twenty Ninth Monthly Application of Deloitte & Touche for Compensation for Services Rendered and Reimbursement of Expenses to the Debtors for the Period from March 1, 2008 through March 29, 2008, Docket No. 19307, requesting \$25,650.00 in fees and \$4,279.00 in expenses.

Fee Adjustment

22. Deloitte & Touche has agreed to reduce the total compensation sought hereunder for the provision of the Enterprise Risk Management Services during the monthly periods from June 1, 2007 through December 31, 2007 in amount of \$23,302.00. Accordingly, the total compensation amount sought by Deloitte & Touche under this Fourth Interim Application is reduced from 425,158.50, as reflected on the monthly fee applications of Deloitte & Touche pertaining to such monthly periods, to the adjusted compensation amount of 401,856.00 sought hereunder.

EXPENSE DETAIL AND EXPENSE ADJUSTMENT

Expense Detail

23. Deloitte & Touche incurred certain expenses providing the Expanded Scope Services and, as set forth in the monthly applications of Deloitte & Touche pertaining to Interim Period, Deloitte Touche is herein seeking approval and payment of such expenses. Detailed information supporting the expenses incurred during the Interim Period is set forth on the following Exhibits hereto:

- **Exhibit C**, setting forth each Deloitte & Touche professional incurring expenses in connection with the provision of the Enterprise Risk Management Services during monthly periods beginning on June 1, 2007 and ending on December 31, 2007, the expense date, the expense amount, the expense type, along with addition information regarding air travel and hotel expenses as may be applicable;
- **Exhibit D**, setting forth each Deloitte & Touche professional incurring expenses in connection with the provision of the Enterprise Risk Management Services during monthly periods beginning on January 1, 2008 and ending on March 31, 2008, the expense date, the expense amount, the expense type, along with addition information regarding air travel and hotel expenses as may be applicable; and
- **Exhibit E**, setting forth each Deloitte & Touche professional incurring expenses in connection with the provision of the Crisis Management Services during monthly periods beginning on June 1, 2007 and ending on December 31, 2007, the expense date, the expense amount, the expense type, along with

addition information regarding air travel and hotel expenses as may be applicable.

Expense Adjustment

24. The total amount expense reimbursement amount sought by Deloitte & Touche in connection with its performance of the Expanded Scope Services during the monthly periods from June 1, 2007 through December 31, 2007, as reflected on the monthly fee applications of Deloitte & Touche pertaining to such monthly periods, was \$51,025.13. In the course of preparing this Fourth Interim Application, Deloitte & Touche has uncovered certain additional expenses incurred during these monthly periods in amount of \$429.90. Deloitte & Touche agrees not to seek reimbursement for these additional expenses under this Fourth Interim Application, however, Deloitte & Touche reserves the right to seek reimbursement of such expenses in future interim or final fee applications filed in these Chapter 11 Cases.

PRIOR INTERIM FEE APPLICATIONS

25. On or about June 7, 2004, Deloitte & Touche filed the Combined First Interim Application of Deloitte & Touche LLP for Compensation and for Reimbursement of Expenses for February 4, 2003 through December 31, 2003, Docket No. 5729, seeking interim approval of compensation in the amount of \$651,908.00 and expense reimbursement in the amount of \$21,761.00.

26. On or about September 1, 2004, Deloitte & Touche filed the Second Interim Application of Deloitte & Touche LLP for Compensation and for Reimbursement of Expenses for January 1, 2004 through March 31, 2004, Docket No. 6308, seeking interim approval of

compensation in the amount of \$151,981.00 and expense reimbursement in the amount of \$50.00.

27. On or about November 4, 2004, Deloitte & Touche filed the Third Interim Application of Deloitte & Touche LLP for Compensation and for Reimbursement of Expenses for April 1, 2004 through June 30, 2004, Docket No. 6832, (the "Third Interim Application of Deloitte & Touche") seeking interim approval of compensation in the amount of \$543,118.04 and expense reimbursement in the amount of \$1,760.00.

28. Following the period covered by the Third Interim Application of Deloitte & Touche, certain of the professional services rendered to the Debtors by Deloitte & Touche, which had previously been rendered by Deloitte & Touche, where subsequently performed primarily by its affiliates, Deloitte Tax, Deloitte Consulting, and Deloitte FAS as described above. Accordingly, Deloitte & Touche has not filed monthly or interim fee applications since its filing of the Third Interim Application of Deloitte & Touche.

REQUESTED RELIEF

29. By this Third Interim Application, Deloitte & Touche requests that the Court (i) approve the interim allowance of adjusted compensation for professional services rendered in the amount of \$401,856.00, and (ii) approve interim allowance and payment of reasonable and necessary expenses incurred by Deloitte & Touche during the Interim Period in the adjusted amount of \$60,287.13. Because discrepancies in time and expense reporting do occur, Deloitte & Touche may need to revise or correct the fees and expenses set forth herein, and the amounts

sought hereunder, in future interim or final fee applications filed with the Court in these Chapter 11 cases,

30. At all relevant times, Deloitte & Touche has been a disinterested person as that term is defined in section 101(14) of the Bankruptcy Code and has not represented or held an interest adverse to the interest of Debtors.

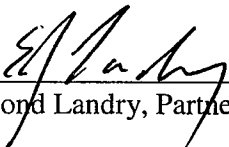
31. All services for which compensation is requested by Deloitte & Touche were performed for or on behalf of Debtors and not on behalf of any committee, creditor, or other person.

32. During the Interim Period, Deloitte & Touche has received no promises for payment from any source for services rendered or to be rendered in any capacity whatsoever in connection with Debtors' cases. Deloitte & Touche has no agreement with any non-affiliated entity to share any compensation earned in these chapter 11 cases.

33. The professional services and related expenses for which Deloitte & Touche requests interim allowance of compensation and reimbursement of expenses were rendered and incurred in connection with Deloitte & Touche's provision of Expanded Scope Services for Debtors in these chapter 11 cases. Deloitte & Touche's services have been necessary and beneficial to Debtors and their estates, and other parties in interest.

WHEREFORE, Deloitte & Touche respectfully requests that the Court enter an order providing that, (i) for the period of January 1, 2007 through March 31, 2008, an allowance be made to Deloitte & Touche in the sum of \$401,856.00 as adjusted compensation for reasonable and necessary professional services rendered to Debtors and in the sum of \$60,287.13 for reimbursement of reasonable and necessary costs and expenses incurred, for a total of \$462,143.13 in fees and expenses for the Interim Period; and (ii) Debtors be authorized and directed to pay to Deloitte & Touche the outstanding amount of such sums; and for such other and further relief as this Court deems proper.

DELOITTE & TOUCHE LLP



Edmond Landry, Partner

Enterprise Risks Management Services and
Crisis Risk Management Services
providers to the Debtors
Interim period of June 1, 2007 through March 31, 2008